

Dear Ladies and Gentlemen,

- On Behalf of the Federal Ministry for the Environment I would like to welcome you to the workshop. I am very glad to have the opportunity together with the OECD to carry out that workshop on environmental innovation and global markets.
- **The times are past when environmental protection could be considered as a mere luxury.** Environmental protection, environmental innovation and environmental technology are **back on the political agenda** as a core economic issue. That is a topic which is relevant for the OECD countries and the OECD as an organisation.
- That we are on the **right track** shows the draft **OECD Environmental Outlook 2030**. Please let me quote from the Executive Summary. Here it stands:

“Eco-innovation and the wider use of eco-efficient techniques not only improve environmental performance, but can also raise economic productivity, making businesses and leading countries more competitive. The environmental goods and services sector is likely to expand significantly in the future. Businesses can reap the benefits of globalisation if they seize the “first mover” advantage of eco-innovation.”

- I think this view represents the gist of the still ongoing discussions about environment and innovation in all OECD countries, in Europe about environmental policy, its challenges and opportunities.
- The **challenges and figures** are quite clear:
Continuing environmental deterioration not only has alarming human and social effects, it also has **immense economic costs**:
 - **Climate change** continues apace,
 - **Water scarcity** could potentially force hundreds of millions of people to flee their homes, at enormous financial and human cost,
 - Growing economic activity has led not only to **polluted water, air and soil** in many parts of the world, but also to **exploding commodity prices**.
- Sir **Nicholas Stern**, former Chief Economist of the World Bank, pointed out clearly the **economic consequences** of climate change and climate policy:
 - ↳ If we don't act now, the consequences are going to be very expensive. Failure to take action on climate change would cost us **5-20%** of the global gross domestic product - i.e. up to **ten trillion U.S. dollars**.
 - ↳ **Climate-protection** measures also cost money. But such measures are **really cheaper** in the long run: Stern estimates their cost at about one percent of the global gross domestic product.
- However, the **economic opportunities are enormous**. The market potential of such eco-technologies has often been underestimated.
 - ↳ The **market volume** is already **EUR 1000 billion** - worldwide. Sustainable energy production, energy efficiency, materials efficiency, closed cycle management, sustainable mobility and sustainable water supply - these are the **leading markets of the future**.
 - ↳ **By 2020** the **volume of sales** in these markets could have already more than **doubled**.

- **This means: Eco-innovation and environmental technology will become key drivers of growth, competitiveness and employment.**

Studies point at “**green markets of the future**”: Energy generation and power station technologies, Energy efficiency technologies, recycling and waste management technologies, Mobility and transport technologies, Water and wastewater technologies, Environmental engineering and Life sciences.

- However, the challenges cannot be met by just applying eco-technologies in niche markets and leaving other sectors unchanged. What is required is the **diffusion of environmentally beneficial technology to practically every major market**. 'Eco-efficient innovation' should be understood in its broadest sense, encompassing any technology that reduces negative environmental impacts especially by increasing resource efficiency, regardless of its main purpose and area of application.
- Markets need guidance and incentives to tap into the potential of eco-efficient technologies. **Without clear and ambitious policies, there will be underinvestment in R&D and marketing of such technologies.**
- Those who trust in **markets alone risk ultimate failure**. Time is too short. Of course, we should use the market mechanism wherever possible. But we cannot afford time-intensive procedures and market-controlled "trial & error" processes – not if we have **only 15 years** to meet the challenges of climate change, resource efficiency etc. - **in which to set a vitally important course**.
- Therefore: **political guidance is needed**. We do not need an all-powerful "Leviathan". However, **we do need political institutions that play a pioneering role** by exploring development options and by identifying useful pathways. Therefore this workshop can be very helpful to stimulate this debate in the OECD context.
- **This is what we try in Germany to describe with the term ecological industrial policy: Sustainability, industry, technology, markets - as points of reference of a political strategy**. I am very glad, that this issues in the meantime are very intensive discussed in the European Union. It became clear more and more: **We need an ecological approach to industrial and innovation policy**.
- **Let me conclude:**
 - ↳ Environmental policy and climate-protection policy are **becoming hard economic issues** in the new millennium.
 - ↳ Economic and ecological issues are going to become more and more **interconnected**.
 - ↳ Climate-protection policy and environmental policy became **the intelligent and elegant mode of economic policy**.
- The time is ripe for such discussions and that workshop comes in due time: I heard that the Secretary General of the OECD, Mr. Angel Gurría, has decided **to launch an OECD Innovation Strategy**: I think this is an excellent idea and an anticipatory view. We will support you strongly in implementing such a strategy.
- The Federal Ministry of the Environment is proud to have a long tradition to be able to support OECD projects, e.g. by hosting workshops as today. And I'm very happy that also the BASF as one of the most important companies in Germany following a sustainable development approach is supporting that OECD workshop by hosting a social event this night.

- I wish you an interesting workshop with fruitful discussions and a pleasant stay in Berlin!

Thank you very much.